Ministère des Télécoms
وزارة الاتصالات

PROGRESS REPORT 2013

LEBANON
STAR OF THE ITU
FOR THE YEAR 2012

Index

01 A DARING ROADMAP

02 A QUALITY INFRASTRUCTURE

03 A FAVORABLE LEGAL, FISCAL AND REGULATORY ENVIRONMENT

04 TRAINING QUALIFIED HUMAN RESOURCES

05 BUILDING A SUITABLE AND DYNAMIC ECOSYSTEM

06 OTHER

Dear fellow citizens,

Since I took office in 2011, the C Generation* and I have shared a dream, one of Lebanon being established as the major digital hub in the Middle East. Today, 2 years later, I see our dream gradually coming true, one step at a time.

Infrastructure: Despite all the difficulties we have faced these past years and thanks to our teams' investment and work, telecom infrastructures have reached a level that finally allows businesses to settle down in Lebanon and export their services to the Middle East and Africa.

DSL speed is 15 times what it used to be and Mobile Broadband's speed has been multiplied by 18. Redundancy was secured by purchasing a stake in submarine cable Alexandros and Lebanon now has 900 megabits of international bandwidth. Some technological advances like the 4G launching place us at the same level as the most developed countries in the world.

Ecosystem: The environment necessary for the development of Lebanese digital businesses continues to grow and strengthen with the expansion of the BDD*, supporting startups with the BOL*, and the upcoming launch of Alfa and Touch's App stores.

We're achieving this dream by relying on a policy of voluntary action of accomplished facts and small steps. If only all elements of the nation joined in our efforts, we could do much more, much faster.

It is our deep conviction, my team and myself, that Lebanon possesses unique features that could potentially make the country a major exporter of digital services.

Think about the creativity gene that we, the Lebanese people, possess; our entrepreneurial spirit, and our business-oriented character. Think about our unmatched freedom of expression in this region, our leading position in the Arab world in providing intellectual and artistic content. Think about our education system that is one of the best in the world and how, thanks to our emigrants, our network of contacts stretches across the globe.

Imagine what we could accomplish if we gave ourselves the means to succeed.

After only a few years of progress, a recent study evaluated the contribution of the sector in 2012 to 9% of the GDP*, which makes it the largest contributor to national growth.

*Generation C: Digital Natives, Generation Content
*BDD: Beirut Digital District
*BOL: Bank of Lebanon
*GDP: Gross Domestic Product

We can become exporters of services instead of remaining mere exporters of qualified labor. Several success stories prove this fact on a regular basis: "Pou", which was created by a young Lebanese person and which registered more than 150 million downloads, i.e. as much as Instagram and Skype, and 10 times more than LinkedIn. "Dermandar", which remained one of the first 10 audio-video applications on IOS* App store for 6 consecutive months in 2012, as well as many others, which are a source of pride for Lebanon and which I highly commend.

Lebanon must regain confidence in itself. The ITU* report ranks us first among 157 countries in terms of progress in 2012. Several other indicators can make us proud, like our penetration of data subscription that is of 50%, which puts us on par with most European countries.

But the adventure is not over, as several key steps are yet to be achieved. In the short and medium term: Home fiber optics, a new decrease in prices, adopting the law on electronic signature and the lifting of internal administrative barriers in the Ministry. In the medium and long term: Revitalization of the financial markets and the adaptation of the Lebanese education system to the needs of the digital economy.

Nicolas Sehnaoui

Beirut, January 3, 2014

STRATEGY OF THE MINISTRY OF TELECOMMUNICATIONS

To expand rapidly, the digital economy needs
1/ a daring roadmap
2/ a quality infrastructure
3/ a favorable legal, fiscal and regulatory environment
4/ qualified human resources
5/ a suitable and dynamic ecosystem

*IOS: i Operating System
*ITU: International Telecommunications Union

01 A DARING ROADMAP

The Ministry has commissioned international consultant Booz & Co. to validate, complement and extend the scope of an internal study by Booz's own teams on the restructuring of the ICT* sector.

The study was presented in December 2012. Before finalization, it was extensively discussed with the main actors of the sector. It was also presented to the Prime Minister and the President of the Republic and is now waiting to be presented to the Council of Ministers for discussion and approval.

The study will rank Lebanon among the ICT-exporting countries within 5 years, increasing the GDP by 2 billion dollars and creating 11,000 jobs by 2017. Investments in the sector are expected to increase by 1.6 billion. As for the Treasury, it should garner 7 to 8 billion dollars over the same period.

Considering that the added value lies in services, it increases the participation of the private sector by ensuring a competitive environment with a set of regulations and privatization. As for the public sector, it keeps it in charge of heavy investment and infrastructure.

Lebanon can build its distinctive core characteristics to further enhance the growth of its ICT sector

Lebanon Distinctive Core Characteristics

High Quality of Education	- Lebanon presents the **highest ranking in tertiary education enrolment rate** in MENA region (Lebanon's enrolment rate 52%, MENA average enrolment rate ~30%) - Quality of education system is assessed as **one of the best in MENA region and ranked 12th worlwide** (GITR index), at very narrow gap with developed markets
Strong Lebanese Diaspora Network	- Lebanese citizens are **widely dispersed around the globe**, freely exchanging ideas and information allowing the potential establishment of a **vibrant entrepreneurial ecosystem** - **Lebanon ranks 8th worldwide in receiving remittances** - ~8.4 Bn USD in 2010 - Lebanon has access to **several international markets due to a widely spread diaspora**
Fast Growing Economy	- Lebanon's real GDP growth is projected to be **4% from 2012 to 2013** (IMF), **fifth highest in MENA region** after Iraq (13.5%), Qatar (4.6%), Morocco (4.3%), and KSA (4.1%) - Lebanon is a **free market economy based on liberal investment policies** and free enterprise and private initiative
Sophisticated and Stable Financial System	- Lebanon has **sophisticated financial services and products** - Lebanon is one of **the few countries in which banking secrecy is prevalent** and has successfully waved out the financial crises - Lebanon has **bank deposits equal to four-times the GDP**, potentially to be invested
Leaders in Design and Creativity	- Lebanese **designers have been playing a vital role in shaping Lebanon's design identity and culture**, and are well perceived across the globe for their creativity - Extensive **concentration on building local design capabilities** from the academic side which can potentially be leveraged to exporting ideas and products to the region

**ICT: Information and Commnunications Technologies*

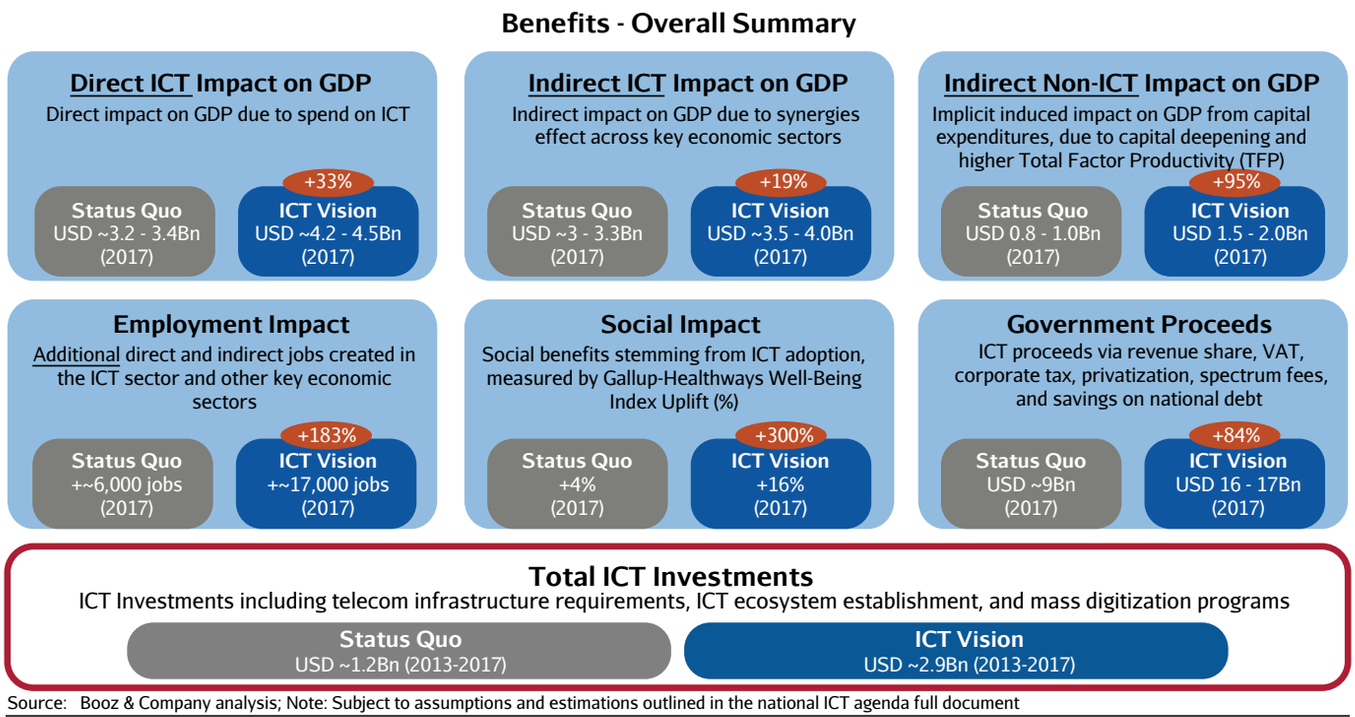
The first step should have been the approval of this document by the Council of Ministers. This was unfortunately not the case. Although it was actually sent to the Council of Ministers meeting of January 29, 2013, it has never been put on the agenda again.

At the same time, the Ministry has set a number of intermediate steps that are executed in succession to strengthen the infrastructure, the supply of services and the ecosystem.

2 National ICT Agenda

Successful realization of the ICT agenda will produce socio-economic benefits; offsetting required incremental investments

MODERATE PROJECTIONS

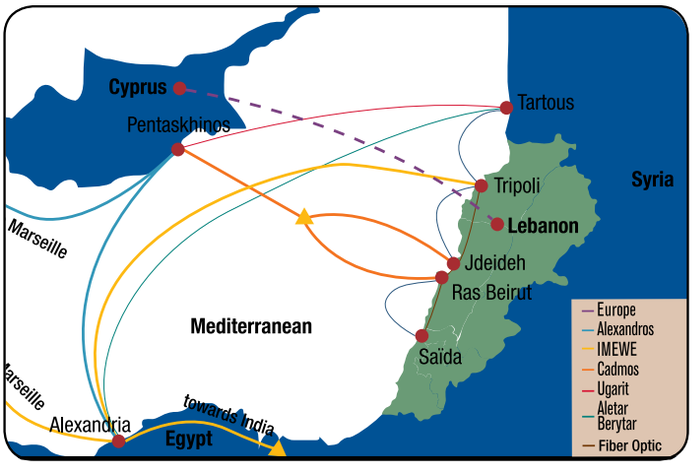


Source: Booz & Company analysis; Note: Subject to assumptions and estimations outlined in the national ICT agenda full document

02 A QUALITY INFRASTRUCTURE

International Connectivity

International Connectivity of Lebanon



Without international connectivity, there is no digital economy. It was therefore a matter of:

➤ **Ensuring plenty of bandwidth, which was done by opening 30Gb on the IMEWE* cable and 20Gb on the Qadmos/Alexandros cable. Whenever needed, Lebanon can open up to 200Gb on IMEWE and 700GB on Alexandros on the Lebanon-Europe segment.**

➤ **Ensuring redundancy, a *sine qua non* condition that any self-respecting digital space must guarantee. This was completed through the purchase of 25% of the Cyprus cable Alexandros, providing the missing link between Cyprus and Europe. A MOU* was also signed with the Cypriots to study the construction of a new submarine cable between Cyprus and Lebanon, Europa.**

**IMEWE: India - Middle East - Western Europe*
**MOU: Memorandum of Understanding*

The Minister on board Raymond Cruze trawler in December 2011.

On July 4, 2012, a sudden failure isolated Lebanese Internet users from the rest of the world. Within a few minutes, the international connection went from 13 to 2.5 Gb. The official version stated that the anchor of a fishing boat allegedly cut the submarine cable IMEWE off Alexandria. It took the Raymond Cruze trawler 23 days to return it to service, a delay Lebanon could not afford.
The Minister and his team were already negotiating with Cyprus to purchase a share of the Alexandros cable that connects the island to Continental Europe. The Minister visited Larnaca and convinced Cypriots to grant us free bandwidth during this period. Tests were done in his presence and 2 days after, on July 6, 2012, the connection was restored on the new Qadmos/Alexandros route.
Meanwhile, instead of equitably distributing the remaining bandwidth between Internet Service Providers, Ogero fully appropriated it, zeroing the ISP connections and therefore, their customers'.

3G+ IN PROGRESS

Delivery date of the 1st phase: October 2011
Deep Indoor: March 2014

Upgrade of Internal Networks

➤ **Expanding 3G coverage: The deployment of the 3G network started in October 2011 and ended in December 2012. To comply with a request that has exceeded all expectations – 50% of the Lebanese are now subscribed to a data plan – 2 other phases of network expansion have followed this first deployment.**

- **Installation of an additional 400 antennas was completed in December 2013. Second, the launch in April 2013 of the deep indoor phase, which comprises: an addition of 900 antennas, an additional frequency and a third channel. This phase should be completed in March 2014.**
- **At the end of the deep indoor phase, the ratio of 3G-antenna network on 2G-antenna network (initial network) is expected to stabilize around 1.4.**

The Establishment of National Roaming to Ensure Full Coverage to Subscribers

If the combination of the 2 mobile networks can cover the whole inhabited territory, some areas are covered by a single operator. In order not to penalize users, Touch and Alfa have put in place, at the request of the Ministry, a system of white areas or "national roaming". Effective since August 2012, this system allows users in 21 Lebanese regions to switch on the competing network for free when in an area not served by their operator.

➤ **Launch of 4G: Between March and October 2013, the 4G network was deployed in Beirut and the administrative part of Greater Beirut by the 2 operators. The expansion of 4G to other regions should start soon and gradually extend to all urban areas.**

As in Western countries, demand for 4G products remains low. LTE-enabled* phones just arrived on the market and in most areas, 3G offers speeds deemed sufficient by consumers.

From the Ministry's perspective, it was nevertheless important to send a strong signal that the Lebanese digital space intends to stay at the forefront of technological advances and the more so because the difficulties experienced on the fixed network make the mobile connection essential to the sector's development.

Finally, Lebanese developers will be able to experiment locally with applications requiring high speed.

**LTE: Long Term Evolution*

02 A QUALITY INFRASTRUCTURE

Huawei put up a world-first in Lebanon by reaching a record speed of 250 Mbps on the 4G. Further evidence of the entrance of Lebanon into the digital Big League, Chinese technology group Huawei and operator Touch proceeded to test, for the first time ever, the inter-band aggregation at 800MHz and 1800MHz on the Lebanese 4G network. Executed in February 2013 in Sassine Square, this test demonstrated the capabilities of the "advanced" 4G network: the aggregation of the 2 bands allowed reaching a record connection speed of 255 Mbps, more than double the connection currently available on the 4G! This performance illustrates the ability of the country to join the international industry giants and propels Lebanon on the cutting edge of global innovation in NICT.*

The Minister sponsoring the advanced 4G test conducted by Huawei in Sassine Square in February 2013.

touch
a new world
Managed by zain

➤ **Fiber Optic Backbone: The deployment of the new fiber optic network linking the 300 Lebanese central offices is almost complete. Twelve of the 13 rings that form it are completed and provisional reception is pending.**

- **This strategic project for the sector will, on one hand, provide DSL* service to the 118 central offices that could not afford it yet. On the other hand, it will allow FTTX* projects to start, letting users, businesses and individuals benefit from very high speed Internet access (100 Mbps).**

Unfortunately, the president of Ogero refuses to execute the instructions of the Ministry in this regard, thus depriving nearly 500 villages of DSL service. Note that the new network is at the forefront of technological advances thanks to the 652D fiber used, the number of fibers per segment and latest generation DWDM* multiplexers. Furthermore, it follows a mesh topology method so as to allow a very high degree of redundancy.

**NICT: New Information and Communications Technologies*
**DSL: Digital Subscriber Line*
**FTTX: Fiber To The X*
**DWDM: Dense Wavelength Division Multiplexing*

Finally, the new network has a Network Control Center at the forefront of technology located in the center of Nahr in Ashrafieh.

➤ International Gateways: New international gateways are being installed in Ras Beirut and Jdeideh. They will increase the overall capacity by 50. Each gateway has a capacity of 2Tbps, and software processing for managing 6 million routes simultaneously. The project was assigned to Cisco after a call for bids. The installation should be completed in April 2014.

➤ Fixed Network Modernization: The fixed network is now obsolete and can no longer meet the demand in terms of lines and services.

The first step for its modernization is the IP-MPLS*. To ensure the quality of transmission between various types of equipment and routes, the IP-MPLS creates a common layer on which quality criteria can be configured to guarantee, for example, the quality of video conferencing or secure data transmission. The project has also received the approval of the Court of Accounts and should be completed by April 2014.

The second step is the Next Generation Network. The current switches establish interconnection circuits between the caller and the receiver. The continuity of the link is mechanical and electrical. With the transition to soft switching, we get IP* circuits that are more dynamic because they're based on a switching software.
This will allow a multitude of new services to flourish, such as fixed number portability from one region to another, fixed number portability to mobile and vice versa. The NGN needs a call for bids – therefore, it needs approval by the Council of Ministers.

4G
IN PROGRESS
Delivery date of the 1st phase: March 2013

FO Backbone
COMPLETED
Delivery date
12 rings/13: October 2013

INT Gateways
IN PROGRESS
Delivery date: April 2014

IP-MPLS
IN PROGRESS
Delivery date: April 2014

NGN
PENDING
*Reason: Awaiting the COM**

**IP-MPLS:* Internet Protocol - Multiprotocol Label Switching*
**IP:* Internet Protocol*

**COM:* Council of Ministers*

02 A QUALITY INFRASTRUCTURE

➤ **Fiber To The X: The optical fiber that connected the 300 central offices has yet to be deployed between the latter and the users to enable high speed. This last mile, as it is called in the sector, currently consists of copper cables with limited data transport capacity. The Ministry teams have already prepared the requirements document for the launch of FTTX. The first phase of the FTTX project will be a mix of FTTB* and FTTC* depending on region density and the economic importance of users. We're aiming at connecting all buildings in Lebanon when the demand justifies it.**

Urban areas that have more than 10,000 subscribers for their central offices were elected to be in the first FTTB phase and the semi-urban areas with over 5,000 subscribers are to be in the first FTTC phase. As for high-priority users, they will be connected during the first phase of the FTTX project.

➤ **DSL Expansion : To date, 118 of the 300 central offices are not equipped to provide DSL service to the villages they serve because of a radio-relay connection to the national network, the former fiber optic network not reaching said villages.**

With the arrival of the new fiber network to these central offices, it is now possible, over the course of a few months, to offer DSL service to all these areas. Unfortunately, Ogero's President refuses to equip these facilities and to enable DSL services despite the Ministry's written instructions.

يطلب من هيئة أوجيرو إيداعنا، خلال فترة أسبوع، برنامجاً زمنياً مرفقاً بالإحتياجات الإدارية والمالية والتقنية اللازمة

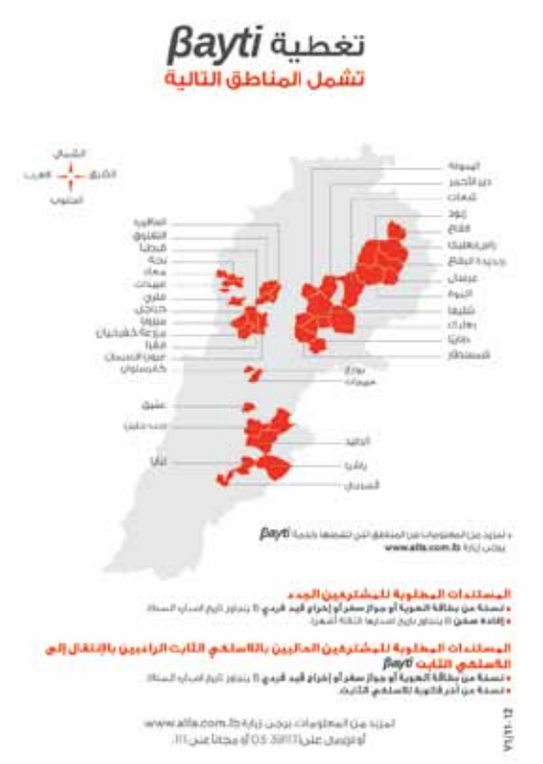
➤ **Fixed Mobile Solution (WLL*): In addition to the lack of optical fiber connection, 34 of the 300 central offices also suffer from a lack of copper cables connecting the central offices to the buildings. For these regions, previous administrations had deployed a mobile radio network that had the major drawback of not allowing Internet service.**

In February 2013, after obtaining the agreement of the Council of Ministers on the new service pricing, the Ministry launched the fixed mobile solution, which works on both mobile networks and now allows subscribers in these regions to have voice and Internet services at the same price as the fixed network.

FTTB: Fiber To The Building
FTTC: Fiber To The Cabinet

WLL: Wireless Local Loop

The solution is ingenious in a way that mobile phones – which look like landline phones – cannot be moved because they only work on the region's antennas.



➤ **Copper Network Expansion: On September 6, 2012, a call for bids was launched for the expansion of the copper network in order to meet the demand for new connections to the fixed network – the implementation began in January 2013. Four companies have won each of the 4 batches and work should be completed in September 2014.**

FTTX
PENDING
Reason: Awaiting the COM

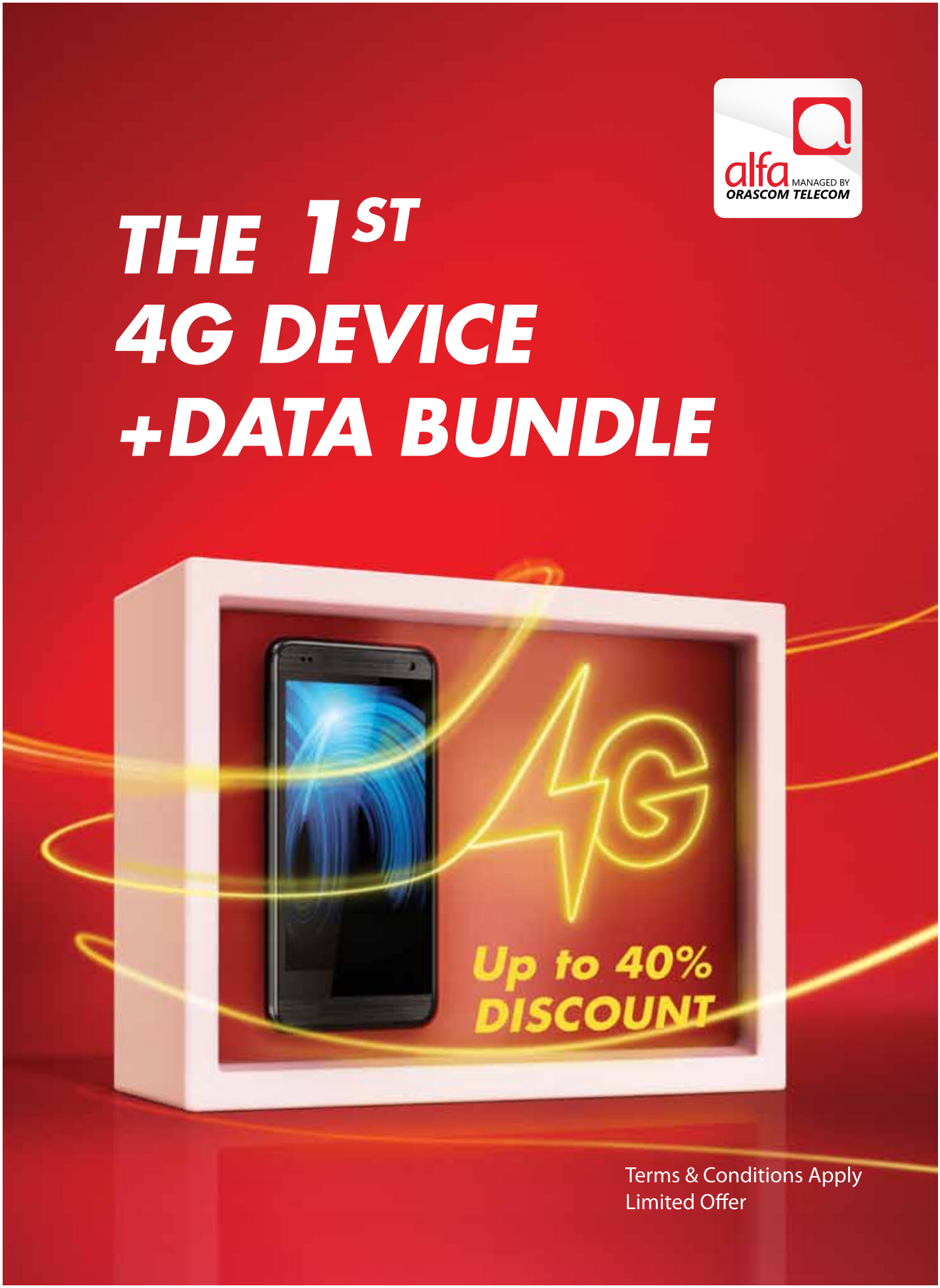
Fixed Mobile Solution (WLL)
COMPLETED
February 2013

Copper Network Expansion
PENDING
*Reason: Blocking by the Ministry's DG**

Heavy Users
IN PROGRESS

**DG:* Director General*

touch
a new world
300 SMS
+
300 MB
2 HOURS TALK-TIME
$14
with WEB & TALK
for magic lines
LIMITED OFFER
Managed by zain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+DATA BUNDLE
4G
Up to 40%
DISCOUNT
Terms & Conditions Apply
Limited Offer

03 A FAVORABLE LEGAL, FISCAL AND REGULATORY ENVIRONMENT

Available-for-all Free Internet in Public Parks

In order to develop a digital public service in communal areas, Minister Nahas then Minister Sehnaoui took an initiative: to equip all public parks and gardens in the country with a free and unlimited wireless Internet connection.

A memorandum of understanding was signed in 2011 between the Ministry of Telecommunications, the Association of Banks in Lebanon and the provider Sodetel to cover 12 parks. Each party has a role defined by the protocol: the Ministry leads the deployment of infrastructures, Sodetel provides service and the ABL takes on the costs of network installation and maintenance. Subsequently, several sponsors - Cisco, Dataconsult, Alfa and Touch - have joined the project, allowing significant discounts (up to 85%) on the cost of equipment and the ramp up of the project. Currently, 7 public parks and gardens already have a WiFi connection and the equipment to come of 5 other planned parks will raise the total coverage area to 82,000 m².*

Favorable Pricing

In addition to 80% lower prices, the tariff decree number 6297 adopted on November 9, 2011 also provides a 20% discount on DSL prices in educational institutions. Also, the WiFi connection was made free between midnight and 7 a.m. and in public parks by the decree 8058, issued on April 25, 2012.

On the mobile network, special plans targeting certain categories of users, such as students, journalists and the military, include tariff reductions between 50% and 80%.

As for fiscal incentives, they are already intended by law but must go through the Investment Development Authority of Lebanon - IDAL. The draft amendment to the decree organizing it contains specific provisions for digital areas.

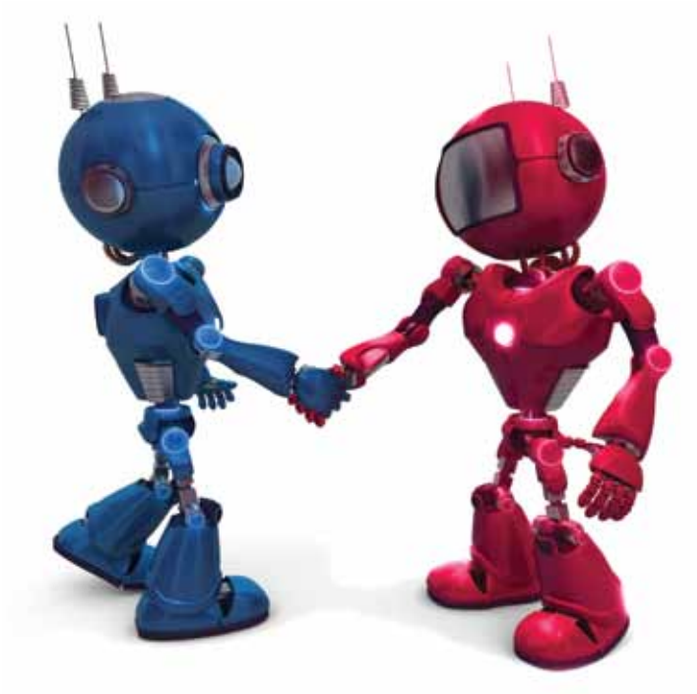
The 2,200 m² of St. Nicolas public garden are now equipped with free WiFi.

**ABL: Association of Banks in Lebanon*

Mobile Operators Bundles

Upon renewal of the operators management contracts in January 2012, the Ministry requested the operators to submit at least 6 mobile bundles imperatively including voice and data services - the bundles had to be different from those of their competitor. This system offered specific products for different types of consumers while reducing their bills by up to 88%.

03 A FAVORABLE LEGAL, FISCAL AND REGULATORY ENVIRONMENT



A Legal Environment to Complete

Two draft laws essential to the development of the sector are still awaiting approval by the Parliament: the law on electronic signatures and the media law.

The law on electronic signatures is essential to the growth of electronic commerce and data centers in Lebanon. It also covers the management of domain names, the protection of personal data, and cybercrime.

The parliamentary committee, with active participation of the Ministry of Telecommunications teams, the Regulatory Authority and the National Audiovisual Media Council, has been working extensively on the media law draft.
Several key modifications were adopted to include digital television and various broadcast formats (IPTV* - Mobile TV). The main innovation was the introduction of the unified network for digital terrestrial broadcasting and the use of the Télé Liban sites.

Furthermore, with the new law, it will be possible to create thematic channels (Sports - Culture - Information) since the new technology will offer terrestrial broadcast to dozens of channels.

This draft law is currently in final study at the parliamentary committee.

Lower Prices for Machine to Machine SIMs

Professionals can also benefit from the 90% reduction on the price of 3G SIMs, called "machine to machine", compared to their GPRS equivalent. Introduced at the beginning of 2012 by the Ministry of Telecommunications, the 3G SIMs allow direct communication of electronic equipment on the mobile network.*

**GPRS:* General Packet Radio Service
**IPTV:* Internet Protocol Television

On the other hand, the law on intellectual property suffers from deficiencies in its application. It is indeed essential for the proper development of B to C companies. Both content and computer programs should be protected against piracy so that the financial model of the company is viable.

In 1999, the intellectual property protection act was enacted. It provides for the empowering of the Office for the Protection of Intellectual Property. However, on one hand, the Office does not act with sufficient strength, and on the other hand, companies and creators are not educated enough about the law that allows them to report an offense for just 100,000 LBP.

Establishment of the Prepaid Lines - Online Activation Procedure

Nearly 80% of mobile network customers are subscribed to a prepaid line. Unlike postpaid lines, these lines used to be activated as soon as the purchase was made, without any subscriber-identification procedure. In order to address the security problem posed by that system, the Ministry introduced in December 2012 an online activation procedure. Now, applicants must provide personal data (identity card and on-site photograph) that are instantly transmitted from the POS to the concerned operator, so that the latter can check them before activating the line.

Electronic Signature Law
IN PROGRESS
Reason: In Parliament

New Price Cuts
PENDING
Reason: Needs a functional COM

04 TRAINING QUALIFIED HUMAN RESOURCES

Adapt University Curricula

The Lebanese educational system is one of the best in the world. A study published by the World Economic Forum ranks Lebanon 4th in the world in mathematics and science and 10th all disciplines combined for the year 2012.

However, it is important to adapt curricula to the needs of the digital economy. For that reason, the Ministry of Telecommunications sent the Ministry of Education a letter listing the disciplines that it would be desirable to establish or strengthen in both private and public academic institutions.

In fact, an NGO* designed to introduce programming in schools was created in the United States by the biggest names in Silicon Valley, such as late Steve Jobs, Mark Zuckerberg and Bill Gates. In developed countries, 2% of graduates are programmers, while 60% of job offers are targeting them.

Trying to address this imbalance, 2 initiatives have been launched by the Ministry of Telecommunications in collaboration with the Ministry of Education.

Launching of "Open Your Tomorrow"

Intel described the project in the Financial Times, saying "Lebanon has launched an innovative project in the educational world". Plans available on the market today are designed to provide Lebanese schoolchildren with tablets featuring educational content and a 2-year 3G subscription. Payment is made in installments and the Central Bank of Lebanon subsidizes interest. In phase 2 of the project, we expect to assemble the tablets in Lebanon.

The students of René Moawad Secondary School received approximately 200 tablets in June 2013 under the project "Open Your Tomorrow".

Raspberry Pi Introduction

Lebanon was the first Arab country to introduce Raspberry Pi in its educational system through the launch of a pilot project with Dhour Choueir High School. The Mouna Bustros Foundation offered 30 Raspberry Pi equipped with screens, keyboards, mice and UPS*.

*NGO: Non-Governmental Organization
*UPS: Uninterruptible Power Supply

Winner of the contest "Be the Minister", Mohamad Chahrour took the Minister's place and attended meetings for a whole day in March 2013.

"Be the Minister"

The introduction of the 4G mobile network included a 3-month testing phase with 200 private users in addition to the selected professionals. To choose these testers in the most fair and transparent way and to encourage the dissemination of digital culture among Lebanese people, the Ministry devised a competition in 2 stages. In the first stage, the user virtually played the role of the Minister and answered a series of 10 questions based on the information from the previous edition of the Ministry's Progress Report. Then, Minister Sehnaoui selected, among the 2,000 participants who answered correctly, 200 winners of 4G dongles. The winner of the draw, Mohamed Chahrour, had the privilege of being the Minister for a day and had to do some decision-making, alongside Minister Sehnaoui.

"Lebanese Bloggers Reinvent the World"

Following the success of the "Be the Minister" competition, the Ministry of Telecommunications launched another initiative for the country's youth, and more specifically the many bloggers who contribute every day to spreading their passion for new technologies across the country. In February 2013, Lebanese bloggers were invited to submit a blog post about their imagined invention, illustrating how the digital era could revolutionize our societies. A professional jury then decided between these submissions - each more creative than the other - and eventually chose Gino Raidy's proposal. Gino is one of the most influential bloggers in Lebanon; his idea was to create a center for neuroscience research in Lebanon, for early detection of the potential of each person or even to prevent the risk of criminogenic drifts. A utopia that could see the light of day in the near future. In the meantime, Gino Raidy won the chance to accompany Minister Sehnaoui during his visit to Silicon Valley.

Blogger Gino Raidy with Ralph Aoun, Nicolas Sehnaoui, Georges Chammas and Karim Kobeissy at Facebook headquarters in Silicon Valley in April 2013.

Through "Alfa 4-life" program, we are helping children in communication needs in different parts of the country receive special care and build skills that enable them to interact in the society they live in, in order to achieve their full citizenship.

"Alfa 4-Life" is one of our ways of making a difference and a positive change in our society. It stems from our core values and commitment as a Responsible Corporate Citizen.

Since 2006, "Alfa 4-life" supports Lebanese NGOs, among them:
SOS Children's Village, SESOBEL, Father Andeweg Institute for the Deaf (FAID), Lebanese Autism Society (LAS), Acsauvel and the Lebanese School for the Blind and Deaf (LSBD).

Alfa launches on a yearly basis an SMS fundraising campaign on the short code 1004, enabling its subscribers to donate to the NGOs it supports.

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www.yasa.org
touch
a new world
Managed by zain
DON'T TEXT.
whistle
&
DRIVE

05 BUILDING A SUITABLE AND DYNAMIC ECOSYSTEM

Digital Areas

On April 25, 2012, the Council of Ministers authorized the Ministry of Telecommunications to issue the conditions for obtaining digital area statuses, which were made on July 24, 2012.

The purpose of this new regulation is to create geographic areas where different actors of the digital economy - from multinationals to startups, incubators and accelerators - can come together to interact more efficiently with a cluster effect. To access the status of digital area, submissions must be presented through a MOU, by a team of 2 associating a promoter and an incubator. The digital area must offer competitive pricing and must meet certain other criteria relevant to the deadlines and to the built surface area.

The Lebanese Mailing System

On March 12, 2013, the Council of Ministers approved the mailing project aiming to finalize a standard system for address assignments in Lebanon. This will provide an address map of the entire Lebanese territory and will be given to municipalities, whose responsibility is to name the streets and install signage. The state-of-the-art standard system that the Ministry developed will facilitate all telematics functions and navigation applications. While contributing to the development of the digital sector, this project will significantly increase the productivity of more traditional sectors. A call for bids is being set up for post offices management and, if all goes well, the delivery date will fall in the last quarter of 2014.

The State, as a facilitator, is a signatory of the MOU and is committed to do its best to give digital areas a state-of-the-art infrastructure. As soon as the new tariff decree for heavy users is adopted, digital areas will obtain preferential prices for the optical fiber bandwidth.

The first project to obtain the status of digital area is the Beirut Digital District – BDD with 9,000 m^2 built and occupied. It should reach 60,000 m^2 by the end of 2017.

Two other private groups have contacted the Ministry to develop digital areas in their regions.

Stimulate the Private Sector to Encourage Competition and Job Creation

- Mobile ISP*: The Ministry intends to open the mobile Internet market for competition. To do so, it has created a new type of service providers, Mobile Internet Service Providers, which are authorized to sell data access on mobile networks. Eight MISP have already signed contracts with Alfa and Touch, and users have since seen 3G/DSL twin-offers multiply.

- ISP Class License: In order to develop the market, the Ministry facilitated the licensure of Internet Service Providers, making it a mere formality. More than 43 ISP are licensed today but the Director General is obstructing them and assigns the new fiber connections very infrequently.

- Contact Centers: In 2010, Minister Bassil had opened all the facilities needed to succeed in Lebanon to Call Centers, encouraging the industry to contribute in reducing unemployment among young Lebanese. However, it wasn't a clear success as the Ministry's Director General raised many obstacles, including denying Call Centers the bandwidth. In 2011, only 5 of the 23 companies that had submitted requests were still working.

Mobile ISP: Mobile Internet Service Provider

05 BUILDING A SUITABLE AND DYNAMIC ECOSYSTEM

In 2012, Minister Sehnaoui changed the procedures in place and created a special circuit to bypass all administrative obstacles. Eight companies so far have signed the new contract with the Ministry, which allows incoming and outgoing communications. They currently employ 800 people.

This number could easily be increased tenfold if the Call Center industry was not opposed by the Director General of the Ministry, who is also Ogero's CEO. Lebanon has everything it needs - multilingualism, business acumen, universal focus, high-tech ICT - to be one of the global centers of excellence in this sector.

Improving the Operators' Telephone Assistance Systems (111)

When renegotiating mobile network management contracts, the Ministry asked the Lebanese operators to improve the quality of their hotline service. Improved penetration had indeed resulted in problems of congestion of these services that allow subscribers to solve problems, learn about offers or change their service plans. The operators have therefore taken the necessary steps to align with international standards. Now, 95% of calls to these support numbers result in getting in touch with a technician. An automatic procedure via interactive voice response is still available for those who do not need to speak to a technician.

On the other hand, Touch inaugurated its new call center at BDD in November 2013, and established a 24/7 phone assistance service.

MISP
COMPLETED
February 2013

ISP Class License
SIGNED
January 2012
Reason: Blocking by the Ministry's DG

Call Centers
COMPLETED
New contract adopted in March 2012

Startup Funding
COMPLETED
August 2013

Geek Express

Established in BDD 1082 building since the end of 2012, Geek Express is a space dedicated to high technology and "Do It Yourself" creation. Created by Tarek Dajani, this new-generation concept store offers its customers numerous recreational activities such as learning the basics of cryptography, Arduino programming (a miniature programming tool) or taking first steps in robotics. Visitors can also buy vintage or electronic items, or have a coffee to enjoy the exciting atmosphere. Beyond its playful dimension, Geek Express also offers artists and budding designers a chance to test their ideas and develop their first prototypes using a variety of sophisticated tools, including a 3D printer.

Premised in the heart of BDD, Geek Express imposed itself as an inescapable venue for technology and geek culture enthusiasts.

Undertake Investments

The Ministry provides funding for basic infrastructures, either directly or through mobile operators. Since the Change and Reform parliamentary bloc Ministers took over, the sector is becoming energetic and investments have returned to international standard, which represents approximately 15% of revenues.

An ad-hoc committee, established by the Minister and bringing together several major players in the industry, has worked tirelessly with the Governor of the BOL to consolidate the emerging digital economy and to strengthen its ecosystem.

The tremendous support of the BOL came through Circular 331, which provides 400 million dollars to the sectors of digital economy and knowledge economy. The Circular encourages banks to take stakes in startups for 3% of their capital. In exchange, they receive a subsidy rate that eliminates 70% of the related risk.

05 BUILDING A SUITABLE AND DYNAMIC ECOSYSTEM

seeqnce

A Lebanese Success Story: Seeqnce, Lebanon's First Accelerator

Seeqnce's journey is in many ways emblematic of the country's capacity to innovate. The first startup accelerator in Lebanon, the business incubator founded in 2010 by Samer Karam, significantly worked on developing digital literacy within the entrepreneurial community in Lebanon. The 8 startups that have joined the program and its community workspaces make the most out of expert advice and potential investors.

Result: 3 of them have benefited from external capitalization, a 35% success rate, remarkable in a high-risk sector. After closing the program in spring, Seeqnce is now getting ready for a new challenge: to increase its scope, the accelerator left its premises in Hamra to radiate virtually on the web. Renamed Alice, the new program began in fall 2013.

BEIRUT CREATIVE CLUSTER

The Beirut Creative Cluster

Uniting the creative energies into participating in the development of multimedia production in the country - that is the ambitious goal of the Beirut Creative Cluster, launched at the end of 2012. Founded by Berytech and 24 other actors of the Lebanese entrepreneurial and art scene, this collaborative space between competing companies in several sectors, talents from the cultural scene and investors, aims to abolish the traditional barriers by stimulating competitiveness through collaboration in some areas. The system works under the principle of the cluster effect, which has flourished in high-technology products and services production around the world. The BCC regularly organizes several practical workshops revolving around themes, such as the NICT culture, film production or design. It aspires to be a spearhead in the representation of Lebanon at major foreign cultural and multimedia events.

The Berytech Saga: From the First Technology Hub in the Middle East to the Investment Fund for Lebanese Startups

With its policy to support the Lebanese entrepreneurial ecosystem, the Ministry of Telecommunications can rely on the many private initiatives in the country in this regard. The first private technology hub in the Middle East, Berytech is undoubtedly one of the most emblematic.

Founded in 2001 by the Saint-Joseph University next to its Mar Roukos campus, Berytech was created in order to participate in the economic revitalization of Lebanon by establishing a suitable environment for innovation and the development of high-potential activities in terms of human resources and added value, particularly in the fields of new technologies and health.
The first Arab center to get the European Commission BIC "Business Innovation Center" accreditation, Berytech has developed a whole range of services - from logistical and/or legal support to incubation and organizing several annual competitions - allowing Lebanese startups to develop more quickly and at lower costs.

The formula has been so successful that Berytech opened 2 other incubation centers, on Damascus Road in 2007 and in the Beirut Digital District in 2013.

Since 2001, Berytech hosted more than 150 companies and supported thousands of entrepreneurs across the country. In parallel with this logistical support activity, Maroun Chammas, current CEO of Berytech, had the idea to launch in 2008 an investment fund specifically designed to meet the growing need for technology-startup financing. Closed in 2013, the Berytech fund now has 16 promising businesses (Dermandar, Instabeat, BSynchro, Edulab, ElementN, Payplug, ProBueno, Completure, Wext, Yalla Play, Activeidentity, Wixel Studios, Domcontrols, Cardio Diagnostics, Cook and Eat, and Mistile) for a total of approximately 6 million dollars. Investments in each company vary from 30,000 to 1,200,000 dollars, depending on their financial needs, their level of development and their commercial target.

Drawing confidence from the success of the initiative, Berytech is preparing to launch a second investment fund in 2014. Wider in its objectives, it should be able to support any project with great potential in human capital in the areas of ICT, but also in design, health and sustainable development.

05 BUILDING A SUITABLE AND DYNAMIC ECOSYSTEM

Digitization

The digitization of information is important for the development of the economy in general and the digital economy in particular, as it allows a large number of companies to offer new services with new data available in digital form.

By digitizing, we generally refer to past stock information (data, papers, pictures and videos). This includes baptismal certificates, land registers and Télé Liban's archives.

It is also meant to automate commercial and administrative procedures and formalities. Therefore, the ambitious and long-term e-government laid its first stone with the opening of the governmental web portal conducted by the Ministry of Administrative Reform in collaboration with the Ministry of Telecommunications.

Voice Over IP

Voice Over IP is impossible to ban. Several countries hit a brick wall trying and only a few countries are still attempting to do so, concerned by censorship and surveillance. It is however important to deregulate VOIP because it causes an annual income loss estimated in 2012 at 100 million dollars. A new law authorizing it would stop the bleeding and allow recovery of part of these revenues.
A rule from previous mandates allows the use of VOIP only for personal use and forbids it for commercial use.

The Ministry teams are currently working on a formula that would allow private operators to sell the service, provided they share revenues with the State.

Mobile Internet Hub Center of Excellence

On July 31, 2013, the Board of Directors of the World Bank approved a line of 6.4 million dollars in soft loans for the Mobile Internet Ecosystem Project. This agreement is the result of 2 years of work and negotiations between the teams of the World Bank and the Lebanese Ministries of Telecommunications and Finance. The project will be equally co-financed by the Ministry of Telecommunications.

Initiated by the Ministry of Telecommunications, this project aims at creating, in Lebanon, a center of excellence for mobile communications. The program includes hackathons, which will identify talent and promising entrepreneurs, and "living labs" or research centers that will help create tools and applications to improve the competitiveness of a digital country on an international scale.

The project beneficiaries include software publishers, students and graduates of higher education, universities, digital cities, business incubators and companies working in ICT.
Mi-Hub and its first research center will be housed in the Beirut Digital District.
The start of the project only awaits ratification of the World Bank loan protocol by the Council of Ministers and the Lebanese Parliament.

Promote New Innovative Services

- The creation of local platforms for mobile applications was one of the main objectives set upon operators by the Ministry. They are ready to be launched soon and are already functional in their beta form with nearly 70 applications online. These platforms provide Lebanese businesses and designers with privileged access to nearly 4 million customers.

- Lebanon also distinguished itself when Touch developed an application-integrated method of payment – In App Payment. It was a first in the Arab world, built through Lebanese application Anghami, which experiences great success in the Arab world.

- In parallel, several Mobile Payment offers are about to be launched on the market.

- Finally, the Triple Play services offer is to be launched during the year. It will allow the use of one's mobile line on stationary home equipment, the IPTV on televisions, and broadband Internet access via the 4G network. The first tests of the new boxes have been conducted and are very successful. It could have been accompanied by services related to fixed telephony; unfortunately, the Director General in charge of the network is refusing cooperation, which makes its application impossible.

- Another planned new service is the VDSL*. It increases DSL speed for customers living within a mile of a central office - speed could reach 100 Mbps. To be launched, this service unfortunately needs not only the cooperation of the Director General and Ogero, but also an amendment to the tariff decree, therefore a functional Council of Ministers.

Touch Launches an Integrated Payment Service with Anghami

Touch operator and Anghami, the company specialized in online music, have teamed up to launch in June 2013 the first In App Payment system in Lebanon and one of the first in the region. This system allows users of the music download app, to pay via their monthly bill or their prepaid account rather than their credit card. Available for smartphones, this win-win system makes life easier for users while also opening new opportunities for the music-oriented startup. It also foreshadows the future development of payment systems on mobile phones.

*VDSL: *Very High Bitrate Digital Subscriber Line*

05 BUILDING A SUITABLE AND DYNAMIC ECOSYSTEM

Medal of Honor

Lebanon is the country that has experienced the world's highest growth in terms of ICT development in 2012. The Ministry of Telecommunications policy to transform the country into a regional digital hub is on the right track considering the substantial investments made in 2012 and awarded by the International Telecommunications Union (ITU). In its report "Measuring the Information Society", the United Nations agency compared the annual performance of its 157 member States in terms of technology development and measured them through its ICT Development Index (IDI). It gave Lebanon a 5.37 IDI, which ranks it 52nd in the world and 5th in the Arab world.

Table 2.12: The top five economies in each region and their ranking in the global IDI, 2012

Regional IDI rank	*Europe*	*Global IDI rank*	*Asia & Pacific*	*Global IDI rank*	*The Americas*	*Global IDI rank*	*Arab States*	*Global IDI rank*	*CIS*	*Global IDI rank*	*Africa*	*Global IDI rank*
1	Sweden	2	Korea (Rep.)	1	United States	17	Qatar	31	Russian Federation	40	Seychelles	64
2	Iceland	3	Hong Kong, China	10	Canada	20	United Arab Emirates	33	Belarus	41	Mauritius	72
3	Denmark	4	Australia	11	Barbados	29	Bahrain	39	Kazakhstan	48	South Africa	84
4	Finland	5	Japan	12	Uruguay	47	Saudi Arabia	50	Azerbaijan	61	Cape Verde	96
5	Norway	6	Macao, China	14	Antigua & Barbuda	49	**Lebanon**	**52**	Moldova	65	Botswana	108

Source: ITU

This performance allows Lebanon to rank well above the international average (set at 4.35). This reflects mainly the largest annual increase in IDI observed globally (+0.75 points) and the second largest improvement in terms of ranking, behind the UAE, gaining 9 places compared to 2011.

Table 2.3: Most dynamic countries - changes between IDI 2011 and 2012

Change in IDI ranking		
IDI rank 2012	*Country*	*IDI rank change*
33	United Arab Emirates	12
52	**Lebanon**	**9**
29	Barbados	7
64	Seychelles	6
41	Belarus	5
60	Costa Rica	5
85	Mongolia	5
132	Zambia	5
11/135	Australia/Bangladesh	4*
54/115	Oman/Zimbabwe	4*

Change in IDI value (absolute)		
IDI rank 2012	*Country*	*IDI value change*
52	**Lebanon**	**0.75**
33	United Arab Emirates	0.73
29	Barbados	0.65
54	Oman	0.56
60	Costa Rica	0.56
41	Belarus	0.55
22	Estonia	0.54
39	Bahrain	0.51
26	Israel	0.41
62	Brazil	0.41

*Note: *Australia, Bangladesh, Oman and Zimbabwe all went up four places in the IDI rankings between 2011 and 2012*
Source: ITU

Lebanon has already been distinguished by the previous report, which had placed the country in the world's top 10 largest improvements of the index. It particularly highlighted the significant progress made by the country in terms of infrastructure during 2011. The ITU is even more appreciative this year and noted that: "While the access sub-index value continues to improve, Lebanon was able to translate progress in ICT access and infrastructure into more intense use of services." The report supports this observation on the notable improvement of the fixed Internet penetration rate - from 5% to 12% - and the mobile one - from 11% to 26% - experienced over the 2 years. The report also emphasized the essential nature of certain investments, such as improving the international connectivity of the country or the introduction of 3G, in obtaining these results.

Minister Sehnaoui with the ITU Secretary-General, Dr. Hamadoun Touré, during his visit to Lebanon in December 2013.

Minister Sehnaoui and Chris Hasbani at the ITU summit in November 2013 in Bangkok. This young Lebanese had the opportunity to travel with the Minister, after winning a contest organized by the Ministry on the Internet, based on a questionnaire on the ITU report.

05 BUILDING A SUITABLE AND DYNAMIC ECOSYSTEM

Lebanese Success Stories: More and More Lebanese Startups Are Internationally Recognized

The emergence of a regional digital center in Lebanon is possible through the tremendous pool of creativity and innovation of young Lebanese entrepreneurs. Some have already benefited from both the improved infrastructure and the better Lebanese ecosystem to develop ICT products and services that are experiencing a growing international success.

Here are some success stories that demonstrate, on a daily basis, the country's ability to export know-how with high-added value:

➤ ***Anghami:*** *Founded in 2012 by 2 Lebanese entrepreneurs, Elie Habib and Eddy Maroun, Anghami is the largest broadcasting platform for online music in the Middle East. Inspired by the famous platforms Deezer and Spotify, Anghami offers its users the ability to download their music directly on their smartphones through a dedicated application, choosing from several million songs.*

Anghami recently saw Elie and Eddy selected by global mentoring network Endeavor, which supports more than 500 high-potential companies worldwide.

➤ ***Dermandar:*** *Launched in January 2010 by 2 young Lebanese, Elie Grégoire Khoury and Elias Fadel Khoury, Dermandar Panorama is an application that lets you take panoramic pictures on your smartphone. The application has attracted millions of users worldwide and was top-ranked for a long time in all countries where it was being marketed - a success that earned Dermandar Panorama the World's Best App award in the entertainment category by the World Summit Award-Mobile 2013 in Abu Dhabi.*

➤ ***Instabeat:*** *Passionate about swimming, Hind Hobeika came up with the idea of a product that would let swimmers measure their real-time performances. Her first prototype propels her to the Qatar reality show "Stars of Science 2010" final, and fascinates both viewers and investors in the region.*

Not content with this success, the young entrepreneur decides to raise additional funds for a large-scale commercialization of her product by using a crowd-funding system in spring 2013.
In 2 months, Instabeat manages to raise over 72,000 dollars, more than double the initial goal on the Indiegogo website. A success that increased significantly the notoriety of this revolutionary invention among the media and swimmers around the world.

➤ ***Pou:*** *Launched in 2012 on Apple and Android platforms by young Lebanese Paul Salameh, Pou is an application that lets you adopt an eponymous little alien and take care of it daily - a concept that attracts all Tamagotchi-nostalgic users and gains new fans every day from around the world. Since its launch and for a long time, the application has monopolized the download podium of the 90 countries it is sold in. With this success, Paul Salameh plans on commercializing a whole range of products worldwide.*

➤ ***Zoomaal:*** *Founded in July by Lebanese Abdallah Absi, Zoomaal is the latest regional crowd-funding platform, the participatory financing system that is attracting more and more artists and entrepreneurs around the world. The principle is simple: the project proponent may solicit funds with the online community, within a specified time and in exchange for various rewards. If the goal amount is met by the deadline, the project is funded; if not, donors get their money back. Supported by 4 investors in the region, Zoomaal presents several new Arab projects every month and has enabled Lebanese band Mashrou Leila to raise the 67,000 dollars needed to produce their third album.*

In addition to this non-exhaustive list, a whole lot of Lebanese startups are already in the starting blocks to conquer the region - or the world! From marketing solution Sociatag to event website Presella, to E-Tobb (medical assistance), Et3arraf (dating site) or Game Cooks (games), we will be hearing a lot more from our young entrepreneurs.

Lebanon 2012 - 2013

Mobile Broadband penetration **50%**

Smartphones penetration **59%**

ICT contribution to GDP **9%**

Contribution to Treasury **15%**
2nd highest after VAT

Top 3 most active VC market in the Arab World since 2010

Biggest startup-specific sovereign fund in the Arab World

10th out of **144** countries in quality of Education system

4th out of **144** countries in quality of Mathematics and Science education

Number 1 worldwide in number of engineers per employees (380/10.000)

Average wage of software engineers **40%** lower than GCC

Regional market leader for music clips and TVCs

Half prints circulated in the MEA are produced in Lebanon

Alfa decides to make a difference with "Alfa 4-Life" program.
When the CSR becomes a priority for the corporate strategy.

For the past 7 years, Alfa, managed by Orascom Telecom, has been carrying on its mission as a leader in the field of corporate social responsibility (CSR). Alfa was among the first companies in Lebanon to launch a CSR program in 2006, "Alfa 4-Life". Ever since, it has been extending continuous support, through "Alfa 4-Life", to children suffering from deficiencies in their communication capacities by helping them overcome their disability through art-therapy and lobbying with decision-makers.

"Alfa 4-Life" bears proof to the fact that people with physical or mental disability can become productive and creative members of society. Several art-therapy initiatives proved to be a success and shed light on the importance for the public and private sectors to support NGOs and promote their cause with the media and wider public. Alfa is keen on engaging its subscribers in its program through fund-raising campaigns via the short number 1004 in favor of "Alfa 4-Life"-supported NGOs.

"Alfa 4-Life" supports, inter alia, the following NGOs in Lebanon: SOS Children's Villages, the Lebanese Autism Society (LAS), Sesobel, Acsauvel and the Lebanese School for Blind and Deaf (LSBD).

Alfa was awarded several prizes for "Alfa 4-Life" program:
• 2013: The "Best CSR Program" Prize awarded at the Telecom Review Summit.
• 2013: The "Best CSR Program in Lebanon" Prize awarded by the London's New Economy magazine.
• 2012: The "Pan Arab Gold Award for Excellence" granted by the Arab CSR Organization.

"Alfa 4-Life" reveals the talent of Lebanese autistic artist Ali Tlais.

Since 2011, Alfa has been supporting Ali Tlais, a young autistic artist from the Lebanese Autism Society (LAS) who became, thanks to "Alfa 4-Life", a famous artist exposing and selling his paintings. Alfa noticed Ali's exceptional talent very early in 2011 and put at his disposal a professional artist in order to train and supervise him. After 2011 and 2012, Alfa organized 2 exhibitions for Ali's work in 2013 entitled "La Forêt enchantée de l'autisme" and "Promenade dans un verger". Both exhibitions were crowned with success. Ali's talent was praised on many occasions by the media.

"Alfa 4-Life" and Acsauvel youth launch EcoAct environmental initiative.

In October 2013, and within the scope of "Alfa 4-Life" CSR program, Acsauvel youth launched EcoAct environmental initiative during a press conference at the Ministry of the Environment. The first activity organized under EcoAct materialized in the manufacturing of ecological and biodegradable bags sold in hypermarkets. All the profits will be paid to Acsauvel.

FAID students show an exceptional determination concerning their social integration.

In December 2013, Alfa launched an initiative aimed at supporting the integration of persons with special needs in the professional circles. This initiative coincided with the International Day of Persons with Disabilities. A copious lunch was prepared and served by the students of Father Andeweg Institute for the Deaf (FAID). This initiative is part of Alfa's commitment to assist people with special needs and help them achieve their social integration by involving them in social activities and including them in the professional sector. FAID students exerted all their efforts and showed remarkable hotel management skills.

05 BUILDING A SUITABLE AND DYNAMIC ECOSYSTEM

System Malfunctions

The Director General of Operations and Maintenance at the Ministry of Telecommunications Abdel Menhem Youssef also holds 2 other positions - President and Director General of Ogero - obviously violating the law that prohibits any officer from having 2 positions or 2 salaries. Moreover, he controls himself and corresponds with himself. Two reports, one of the Court of Accounts 112/175 (dated August 20, 2008) and the other of the Central Inspection Board 19/2012 (dated February 7, 2012), condemn this accumulation and require its immediate termination.

Even more blatant is how the ministerial declaration, which stated that "the Government will work to establish clear rules to control operating procedures between the Ministry and Ogero so that they function as one body" went unheeded. Yet, the current Constitution following the Taef Agreement clearly states in Article 66: "The Ministers shall administer the Government's services and shall be entrusted with applying the laws and regulations, each one pertaining to matters relating to his department."

Unfortunately, despite 7 legal actions before the Criminal Court, 23 complaints to the Central Inspection, 8 actions referred to the Court of Accounts and 3 disciplinary dismissals, the Central Inspection Board has yet to refer the case before the disciplinary board, which can dismiss it. In the meantime, the people and the digital economy are paying the price of these malfunctions.

Digital Terrestrial Television

Lebanon is committed, by signing the Geneva Convention in 2006, to move to DTT by 2015. DTT is one of the latest revolutions in the world of broadcasting. It allows users to enjoy better picture quality and receive high definition on their screens. Frequencies are subject to regulation at the global level by the International Telecommunications Union (ITU) to avoid interference between countries.*

Today, every Lebanese television channel broadcasting on analogue terrestrial waves has its own network of antennas and transmitters, and has at its disposal 4 frequencies that can fulfill a legal obligation of complete coverage. The digital switchover, by compressing data, reduces the number of frequencies needed to transmit: a single frequency can then transmit the programs of several channels.

One of the major advantages of the transition to DTT is that it will free up frequencies that can be used for other services, such as mobile telephony services.

It will also be possible to have a single broadcast network that will greatly reduce the running costs of the various Lebanese channels.

Following approval of the project by the Council of Ministers on November 14, 2012, the Ministers of Telecommunications and Information formed on May 10, 2013 a special committee responsible for ensuring its implementation.

Several steps have already been taken including coordination with the ITU to allocate frequencies in Lebanon.

A call was put out in different media for companies interested in participating in the project. Sixteen foreign and Lebanese companies have responded positively and presented their different technical solutions.

A pilot project on Digital Television will be implemented by the end of January 2014, mainly on Télé Liban broadcasting sites. It is intended to serve Greater Beirut, a part of Mount Lebanon, as well as big cities such as Saida and Tripoli and the surrounding areas. Then, a call for tender will be launched for the final project, which is expected to be finalized before June 17, 2015 as per the resolution of the International Telecommunications Union.

**DTT: Digital Terrestrial Television*

05 BUILDING A SUITABLE AND DYNAMIC ECOSYSTEM

Touch's Mobile Television

Since August 2013, Touch subscribers can benefit from a new paid service on their 3G lines: mobile TV. Sold at 12 dollars per month, this new service allows users to view national and/or international channels on their smartphone or tablet, via a downloaded digital application or by logging in to the website of the operator. The Mobile TV platform also offers a range of on-demand videos.

Mobile TV
TOUCH: COMPLETED August 2013
ALFA: IN PROGRESS

touch
a new world
Managed by ZAIN

The Minister and his team in front of the Ministry of Telecommunications in April 2013.

06 OTHER

Municipalities

Article 55 of Law 379, adopted on December 14, 2001, foresees that the Ministry of Telecommunications should retain 10% of telephone bills in favor of municipalities. It must pay each municipality the equivalent part of calls made by subscribers located within the municipality's perimeters.

This has been done every 3 months with fixed telephone bills since 2012. But as it is difficult, if not impossible, to know where mobile phone subscribers are located, previous administrations had taken the habit of transferring these taxes to the Ministry of Finance without paying the municipalities and without recognizing said municipalities a debt in return, in total violation of the law and the rights of the municipalities.

That was until the Change and Reform parliamentary bloc Ministers (Bassil, Nahhas, then Sehnaoui) took office. The Ministers recognized the municipalities' rights and credited their Ministry of Telecommunications accounts with their accumulated rights from 1995 to July 2013, for a total of 1.290 billion dollars; but for the money to be transferred to their individual accounts at the Central Bank, the Council of Ministers had yet to approve the distribution plan.

After long negotiations and thanks to the ongoing efforts of the Change and Reform parliamentary bloc, the Council of Ministers finally adopted the following breakdown: 80% according to the civil registry and 20% according to the place of residence. Today, the distribution is awaiting the signature of a decree by the 3 relevant Ministers - Interior, Finance, and Telecommunications - the President of the Republic and the Prime Minister.

The Municipality of Beirut.

Social Progress

➤ ***Employees of the mobile phone industry:*** *After several years of claims and 6 months of intensive negotiations, the mobile operators employees syndicate signs a collective agreement with the management of Alfa and Touch.*
This agreement was endorsed by Minister Sehnaoui, who got personally involved in overcoming differences and resolving outstanding issues. Several benefits have been confirmed or introduced by this agreement. For example: The agreement plans, among other things, a transparent salary scale, first-class insurance for all employees, the creation of a mutual fund, a 90-day maternity leave and a generalization of the summer schedule.

➤ ***Ogero employees:*** *On August 10, 2012 the Minister granted Ogero employees 2 additional pay grades to improve their purchasing power.*

➤ ***Ministry officials:*** *Similarly, on March 11, 2013 and in order to reduce the gap between Ogero employees and their colleagues at the Ministry, he also corrected the scale of additional compensation given to officials and paid by Ogero. However, Ogero's President refused to implement the new scale.*

Minister Sehnaoui at the annual dinner of the Syndicate of Mobile Operators Employees in March 2013.

06 OTHER

Haifa Wehbe, in Partnership with the Ministry, Commits to Road Safety

In October 2013, Minister Sehnaoui announced that Lebanese performing artist Haifa Wehbe was appointed Telecommunications Ambassador for Humanitarian Affairs. Due to her immense popularity and international success, the Lebanese singer will undoubtedly be an important asset to embody the social role of the Ministry. Haifa Wehbe will be tasked with educating youth about the dangers of cellphone use while driving.

In 2012, road accidents caused 900 deaths and nearly 18,000 wounded. The use of mobile phones - reading and/or sending SMS in particular - and speeding appear to be among the first causes of accident. To alert the public about these risks and help reduce the death toll on the roads, the Ministry and the Telecommunications Regulatory Authority (TRA) co-launched a campaign that will run until the end of 2014 on several media and social networks. This initiative is part of the international project, "A Decade of Action for Road Safety 2011-2020", which aims to save the lives of approximately 5 million people worldwide.

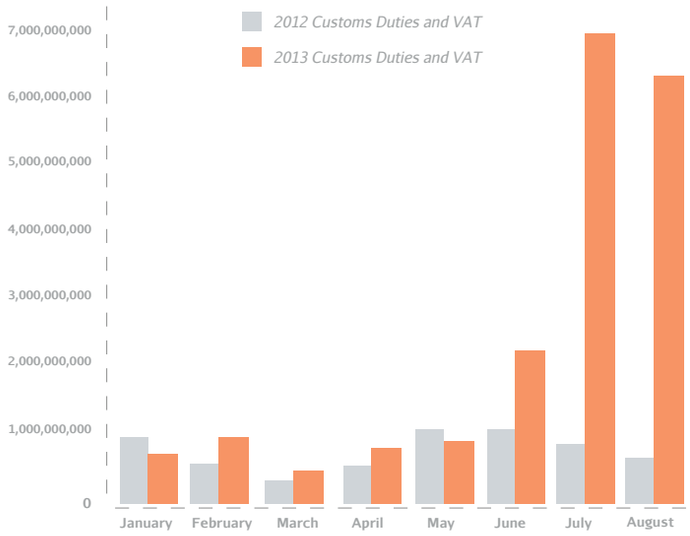
Minister Sehnaoui and Haifa Wehbe, the new Telecommunications Ambassador for Humanitarian Affairs, at the Crowne Plaza Hotel in October 2013.

Combating Smuggling Activity

In order to finance a rise in salary scales for the public administration, in Decision 5 - dated March 21, 2013 - the Council of Ministers decided on a series of measures to increase Treasure revenues. One of them concerns the import of mobile phones that cause an annual customs revenue loss estimated at 40 million dollars.

To stop the smuggling activity, only mobile phones that have paid customs are authorized to operate on the Lebanese network, once the operators make the technical developments. The measure was made official by a joint decision of the Ministers of Finance and Telecommunications. The result of this measure has exceeded all expectations.

When comparing the months of July 2012 and July 2013, we notice that customs revenue related to mobile phones has been multiplied by 10. Another advantage of this measure is that it limits the importation of counterfeit phones.



In a country facing multiple challenges, LibanPost has become a key partner that aims to simplify everyday procedures in today's world, tirelessly working to meet their customers' expectations. LibanPost is hoping to become the solution of choice in all circumstances, no longer content to be merely a mail delivery service, but an integral part of the activity and life of the citizen.

LibanPost in Figures

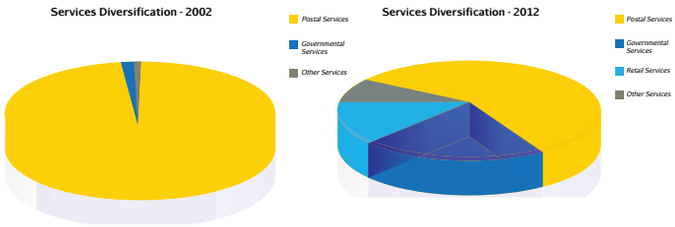
From Postal Operator to Life Facilitator

- *Over 150 life-facilitating services*
- *Over 14,000 operations per day*
- *Over 90 post offices and an expanding agency network throughout Lebanon*
- *Over 1,000 devoted employees*
- *ISO 9001 certification for quality management and operations*

LibanPost's Success Factors

Diversification of Services for Better Customer Service

One of the key success factors of LibanPost lies in its diversification strategy, which has allowed the company to optimize its activities beyond the scope of postal services, to deliver detail and public services.



A Modern Infrastructure that Meets the Requirements of the Current Activity

- The efficiency of the delivery process is improved through the use of Global Positioning System (GPS) for improved accuracy of addresses and contact details.

- The adoption of the Natural Area Coding (NAC) system allows LibanPost to solve address-related problems and uniquely identify each address everywhere in Lebanon.

- The use of automatic sorting machines will speed mail sorting and help LibanPost improve the quality of its services.

- LibanPost deploys a fully integrated solution in all its branches in order to standardize the customer experience and provide immediate and central support.

- With 700,000 calls handled per year, LibanPost's modernized call center also sends reminders to customers whose official documents need to be renewed upon subscription.

- LibanPost supports innovation and operational excellence through an internally developed and integrated system for resource planning.

Avant-garde Achievements to Facilitate the Citizen's Life

Innovating Products:

- The LibanPost card creates a unique identifier for each client.

- The E-lira card will be launched soon. It will be considered the most appropriate payment method in LibanPost.

- "Home Service" enables customers to benefit from LibanPost services from their home or office.

- The "Student Tablets" initiative, launched in collaboration with the Ministry of Telecommunications, the Ministry of Education and Higher Education, Touch, Alfa and BLOM, will allow all students to have their own tablet.

- As part of its role as a life facilitator, LibanPost upgraded its contact points and implemented solutions for saving time in its offices, such as fast lanes and direct assistance for waiting lines.

A Philatelic Commitment:

Wanting to restore the culture of philately in Lebanon, LibanPost has issued a growing number of stamps and special-edition stamp collections in the past 3 years.

EuroMed Postal Membership:

A member of the EuroMed Postal Board of Directors, LibanPost recently celebrated the election of their Strategic Planning and Organization Director Mr. Jihad Kosremelli, as EuroMed Postal's General Secretary.

Prizes and Accomplishments:

LibanPost won international awards such as the "Innovation" prize and the "Transformation" prize at the World Mail Awards in 2010 and ranked among the finalists for the "Customer Satisfaction" prize in 2013.

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